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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C. U. S. Department of Agriculture

ADJUSTMENT FOR SUGAR BEETS

Prepared in the Division of Information, Agricultural Adjustment Administration

Sugar-beet growers of the United States are expected to receive for the 1934 crop about \$15,000,000 over what they would otherwise get through the Agricultural Adjustment Administration program in which they will cooperate for the purpose of adjusting production.

Sugar-beet growers who sign the production-adjustment contract will receive an advance payment of \$1 per ton on their normal yield from their acres planted in 1934, and a final payment (of not less than 25 cents per ton) which will guarantee them parity price for their actual 1934 production, or their normal yield times their planted acres, whichever is higher. In addition, growers are entitled to payments on that part of their 1933 beet production unsold as sugar on June 8, 1934, where returns were reduced by reason of the processing and floor-stocks tax on sugar.

The Agricultural Adjustment Act as amended by the Jones-Costigan Act gives to sugar-beet growers approximately 24 percent of the national market for sugar in 1934. The benefit contract guarantees them a parity return on their production, provides for 1934 benefit and other payments to producers of approximately \$15,000,000, and partially insures them against the effects of drought, infestation, or other natural calamity.

SUMMARY OF BEET-SUGAR PROGRAM

Number of growers affected (approximate).....	100, 000
Approximate annual production of beets provided for (higher than any year except 1933).....tons	10, 000, 000
Percentage of United States sugar market given beet growers (higher than any previous average of years).....	24
Period covered by contract: 1934 and 1935; extension to 1936, optional.	
Growers guaranteed full parity price for production.	
Estimated 1934 benefit payments.....	\$13, 000, 000
Estimated refund payments to growers in 1934.....	\$2, 600, 000
Basis of acreage allotment—average of past 2, 3, 4, or 5 years.	
Beet price, 1933 average.....per ton	\$5. 62
Parity price for United States (approximate).....do	\$6. 77
Beet growers' income—annual average, 1931-33.....	\$51, 214, 000
Estimated 1934 beet growers' income without program.....	\$40, 000, 000
Estimated 1934 beet growers' income with program.....	\$55, 000, 000
Local administration—by Growers' Production Control Associations.	
Local administrative unit—sugar factory district.	

The program for sugar beets, affecting approximately 100,000 growers in 17 States, is an integral part of the general sugar program being developed by the Sugar Section, Agricultural Adjustment Administration. This program is undertaken under authority of the Jones-Costigan amendment to the Agricultural Adjustment Act, in which Congress embodied the recommendations of the President last spring. The sugar-beet program is being developed concurrently with the adjustment program for the continental sugarcane producers and with the programs for the Territory of Hawaii and the insular areas of Puerto Rico and the Philippine Islands.

PARITY ON ACTUAL PRODUCTION

The contract provides for a parity return to growers on their beet production in 1935, and in 1936, if the program is continued for that year. Also growers who planted beets in 1934 will receive parity payments on their estimated production for this year, based on the acreage planted and the average yields, or upon their actual production, whichever is higher.

The Jones-Costigan legislation also provided that where it shall be established to the satisfaction of the Secretary that imposition of the floor-stocks tax and/or processing tax on unsold beet sugar from the 1933 crop resulted in a decreased return to growers, refunds were to be made to growers who sign benefit contracts with the Secretary of Agriculture. This refund on 1933 sugar is estimated at \$2,600,000.

PARTIAL CROP INSURANCE

In addition to parity payments on actual production, the contract provides for 1935 and 1936 deficiency payments as partial crop insurance on that portion of a grower's planted acreage which has to be abandoned because of wide-spread storm, drought, frost, or similar natural calamity.

Despite the fact that drought and other factors are estimated to have reduced this year's production more than 30 percent below the record crop of 1933, the income of growers from beets this year, under the adjustment program, will be brought up to within about \$3,000,000 of the \$58,600,000 income received from last year's record crop. The program will mean that growers will get about \$15,000,000 more than they would get if they had to sell their present small crop in open competition with off-shore sugars at current prices without the protection of an adjustment program and quota restrictions on off-shore sugars.

The sugar-beet program is the only one thus far undertaken by the Agricultural Adjustment Administration in which it is possible to assure the grower fair exchange value upon his full production.

FACTORY DISTRICT IS ADMINISTRATIVE UNIT

For administrative purposes, the program is based on the factory district as a unit. The acreage allotment of each individual grower for 1935 plantings is to be worked out on the basis of his average

past production, and will represent his pro rata share of the acreage which has been allotted to the growers in his district. As in other programs of the Agricultural Adjustment Administration, matters affecting producers locally are to be handled by production-control associations. Representatives of the Sugar Section are to represent the Secretary in matters pertaining to processors. Where districts overlap, they may be combined.

HOW ALLOTMENTS ARE MADE

Under the Jones-Costigan amendment, the basic marketing quota for sugar produced from domestic sugar beets was established at 1,550,000 short tons, and this amount, plus a small increment for increased consumption above the basic amount, was divided among the domestic processors by the Secretary of Agriculture. Starting from this definitely established quota, the next problem is one of dividing equitably among growers the acreage necessary, under normal yields, to produce this quota. This is done through using the district as a basis for initially allocating the national acreage, and then allocating the district acreages to growers on the basis of their past experiences.

Under the contract, each cooperating grower agrees, in consideration of the benefit payments, to plant only his pro rata share of the acreage which has been allotted to the district in which he grows beets. For each district, this total acreage is limited to a figure between 90 and 100 percent of the 1933 acreage. In the case of individual allotments, however, variation from 1933 may exceed 10 percent.

Because complete past records of production and acreage for all the growers in each factory district already have been furnished to the Sugar Section, it is expected that the work of completing contracts will be comparatively rapid.

GROWER HAS OPTIONS

From available records on his past production, each grower may determine his base acreage, which may be one of four averages, as follows:

1. FIVE-YEAR AVERAGE: Average planted acreage for 1930, 1931, 1932, 1933, and 1934, if beets were planted in 1933 and/or 1934.
2. FOUR-YEAR AVERAGE: Average planted acreage for 1931, 1932, 1933, and 1934, if beets were planted in 1933 and/or 1934.
3. THREE-YEAR AVERAGE: Average planted acreage for 1932, 1933, and 1934, if beets were planted in 1933 and/or 1934.
4. TWO-YEAR AVERAGE: Average planted acreage in 1933 and 1934.

After each farmer in a district has selected the option which will give him the most advantageous base acreage, these acreages are totaled and compared with the acreage allotted to that district. If the total is different than the allotted district acreage, each grower agrees to a pro rata adjustment of his acreage. The allotment for any district is to be between 90 and 100 percent of the 1933 planted acreage.

PLAN FOR NEW GROWERS

For any producer who plans to begin growing sugar beets in 1935 or in 1936, and for whom none of the above options is applicable, opportunity may be offered to sign a contract in the future, and his base acreage will be determined by the Secretary of Agriculture.

1934 PAYMENTS

The total of the first installment of the benefit payments, at the rate of \$1 per ton on the 1934 planted acres times normal yields, is expected to be approximately \$10,000,000. The second installment (at least 25 cents a ton on the estimated 1934 production) is to be in such amount as will give the producer a parity payment on his actual production, or his estimated production, whichever is greater.

The advance benefit payments can be made to growers before their adjusted acreage is worked out, as the advance payments for 1934 are based on the actual planted 1934 acreage and the "representative yield" of the producer. This representative yield is to be the producer's average yield of a period not less than 3 years. The representative yield per acre, multiplied by the acreage planted for 1934 results in the estimated production for 1934, upon which the grower will receive benefit payments. Final benefit payments for 1934, to be made about July 1, 1935, are to be based upon beets actually produced or upon planted acres times "representative yield", whichever is higher.

BENEFITS RELIEVE DROUGHT LOSSES

As a result of this method of making benefit payments for 1934 it is expected that much of the loss suffered by growers from drought on the crop they planted this year can be made up. Despite the big cut in this year's crop due mostly to drought, it is expected that the farm income of beet growers as a whole will be more than the average annual income of \$51,214,000 for the years 1931-33 and nearly up to that of 1933, when growers harvested the largest crop on record. Beet growers of the Nation in 1933 harvested 11,030,000 tons of beets, and the gross income from the crop was computed at \$58,651,000. This year, growers are expected to receive in the form of benefit payments, processing tax refunds, and market returns from their crop a total income from beets estimated at \$55,600,000. The average price per ton was \$5.32 last year.

This maintenance of income, despite the drought, may be illustrated for a single State by the estimates for Colorado, the leading producing area, of sugar beets. Colorado beet farmers in 1933 received \$13,140,000 for their crop. Colorado production for this year was estimated on September 1 at 1,770,000 tons. If sold at an average rate of about \$5.42 a ton, this would give Colorado farmers a 1934 income from beets of approximately \$9,600,000.

Although Colorado farmers planted 204,000 acres of beets this year, drought has reduced their yields. However, under the terms of the contract, they will receive benefit payments of approximately

\$3,100,000, tax refunds of \$700,000 and market income estimated at \$9,600,000 to result in an estimated income of \$13,400,000 for 1934, or \$300,000 more than they received last year when they produced a bumper crop.

STATE ESTIMATES ON INCOME

Likewise, it is estimated that for other sugar-beet producing States drought losses will be made up in whole or in part through parity payments. The following table indicates by States the best present estimates on the amount, the processing tax refunds, the benefit payments, the 1934 market return, and 1934 and 1933 income to growers:

State	Estimated refund payments on processing or floor-stocks tax	Estimated 1934 benefit payments	Estimated returns from 1934 crop	Estimated total income from 1934 crop and payments	Estimated 1933 income from beets
California.....	\$222,316	\$1,765,004	\$7,452,500	\$9,439,820	\$8,899,000
Colorado.....	724,817	3,106,512	9,593,400	13,424,729	13,140,000
Idaho.....	312,099	785,349	1,707,300	2,804,748	4,394,000
Michigan.....	134,161	1,480,437	5,083,960	6,698,558	7,459,000
Montana.....	243,248	1,033,965	3,528,420	4,805,633	4,400,000
Nebraska.....	280,308	1,254,123	3,539,260	5,073,691	5,335,000
Ohio.....	6,710	639,292	1,788,600	2,434,602	1,968,000
Utah.....	347,256	950,319	1,365,840	2,663,415	4,560,000
Wyoming.....	117,983	772,200	2,065,020	2,955,203	3,024,000
Others.....	250,800	1,309,581	3,761,480	5,321,861	5,472,000
Total, United States.....	2,639,698	13,096,782	39,885,780	55,622,260	58,651,000

American beet growers could not have expected higher prices from the drought this year. Unlike other domestic agriculture commodities, sugar is imported in large volume and the supplies in the off-shore areas have been larger in 1934 than in 1933. If the quota provisions of the Act had not been effective, more sugar would have been available for the domestic market than in previous years and prices would have tended to be lower.

QUOTAS LIMIT OFF-SHORE PRESSURE

The Jones-Costigan amendment to the Agricultural Adjustment Act established quotas for the domestic beet and cane producers and directed the Secretary of Agriculture to determine quotas for the Territory of Hawaii, the insular possessions, and foreign countries. As a result of the establishment of these quotas, each of these areas has been given its fair share of the American market and consequently, in 1934, sugar in excess of market requirements has not been brought into the United States.

The sugar program, with its accompanying benefits, is being financed through a processing tax of one-half cent a pound on sugar. This has been accomplished without increasing the cost to the consumer by a corresponding lowering of the tariff on sugar from 2.5 cents a pound to 1.875 cents a pound.

LABOR AND WAGE PROVISIONS

To effectuate the policy of Congress, as expressed in the Agricultural Adjustment Act, as amended, with respect to working conditions in the beet fields, the contract contains provisions with respect to labor.

The contract prohibits the employment of children for work in the beet fields under 14 years of age, and limits the labor of children so employed between 14 and 16 years of age to 8 hours a day. These provisions covering employment do not apply to the children of the grower.

Under the provisions of the contract minimum wages for 1935 and 1936 may be prescribed by the Secretary in districts where such action is deemed necessary. Due notice and opportunity for hearing will be given all producers and laborers before such wages are established. Prior to receiving the final 1934 payment, the producer must indicate that he has met all bona fide claims for wages arising from the 1934 beet crop.

The Secretary is also authorized to adjudicate labor disputes.